

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074
(Incorporated in Bermuda)

**ENTRY INTO PUBLIC-PRIVATE PARTNERSHIP PROJECT FOR
CONSTRUCTION OF “SPONGE CITY” OF ZHENJIANG**

The Board of Directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that the Company has today entered into the following agreements in relation to a public-private partnership (“**PPP**”) project for the construction of the “sponge city” of Zhenjiang:

- (i) a PPP agreement with the Housing and Urban-Rural Development Bureau of Zhenjiang City (镇江市住房和城乡建设局) (the “**PPP Agreement**”); and
- (ii) a joint venture agreement with Zhenjiang Waterworks Corporation (镇江市水业总公司, “**ZWC**”), which is an indirect wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of the Zhenjiang People’s Government (镇江市人民政府国有资产监督管理委员会),

pursuant to which the Company and ZWC will establish a joint venture company (the “**Project Company**”), for the purposes of undertaking the construction, renovation and operation of a 22 km² land area and 11.5 km² water area in Zhenjiang (the “**Project Area**”) in accordance with the “sponge city” initiative for Zhenjiang city (the “**Zhenjiang Sponge City Project**”). The Company will hold a 70 per cent. equity stake in the Project Company, with the remaining 30 per cent. equity stake to be held by ZWC. The Project Company will be established with a registered capital of RMB462 million.

A “sponge city”, also known as “low impact development rainwater system”, refers to a city with a water system which operates like a sponge to absorb, store, infiltrate and purify rainwater and to release the same for reuse when necessary. The construction of a “sponge city” involves (a) undertaking works to protect existing urban ecosystems, (b) the ecological restoration and repair of existing urban ecosystems and (c) the low impact development of new and existing urban ecosystems. In this regard, a “sponge city” project is part of an integrated environmental water service, which involves the construction, maintenance and operation of grass channels, rain gardens, sunken green spaces, urban storm water drainage pipes, pump stations and waste water treatment plants.

The Zhenjiang Sponge City Project is one of 16 “sponge city” pilot projects which will receive financial support from the central government of the People’s Republic of China (“**PRC**”), as jointly announced by the Ministry of Finance, the Ministry of Housing and Urban-Rural Development and the Ministry of Water Resources of the PRC. It is also one of the PPP demonstration projects of the Ministry of Finance of the PRC. The total investment amount for the Zhenjiang Sponge City Project is estimated to be approximately RMB2.585 billion, which comprises a RMB1.2 billion subsidy from the PRC central government (the “**Government Subsidy**”) and a RMB1.385 billion investment to be contributed by the Project Company through internal resources and external financing (the “**Project Investment**”).

The Zhenjiang Sponge City Project includes (i) the ecological restoration, repair, low impact development and renovation of pipeline networks, flooding and waterlogged areas within the Project Area, which is to be funded by the Government Subsidy (the “**Government Funded Portion**”) and (ii) the construction and operation of the Zhengrunzhou wastewater treatment plant (including (a) a waste water treatment expansion project with a daily designed capacity of 75,000 m³ which complies with the National Grade 1B water discharge standard and (b) an advanced waste water treatment facility with a daily designed capacity of 200,000 m³ which complies with the National Grade 1A water discharge standard), a series of rainwater pump stations, drainage networks and rainwater storage tanks and the ecological restoration and repair of certain rivers, which is to be funded by the Project Investment (the “**Project Company Funded Portion**”). The Project Company will be responsible for providing engineering management services in relation to the Government Funded Portion and for the construction and operation of the Project Company Funded Portion.

The concession period granted to the Project Company for the purposes of undertaking the Project Company Funded Portion is 23 years (“**Concession Period**”), which will commence from the date of the PPP Agreement. During the Concession Period but subsequent to the commencement of operations in relation to the Zhenjiang Sponge City Project, the Zhenjiang Municipal Finance Bureau (镇江市财政局) will pay to the Project Company on a quarterly basis (i) service fees in relation to the Project Company Funded Portion, being government procured services, and (ii) such amounts representing its return on the Project Investment.

The Zhenjiang Sponge City Project is expected to enhance long-term returns and value for shareholders of the Company.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Zhenjiang Sponge City Project.

By Order of the Board
CHINA EVERBRIGHT WATER LIMITED

Wang Tianyi
Executive Director and Chairman

Date: 18 April 2016